

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-01 INR-07 L-02 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-05 MC-02

AID-05 EB-07 CIEP-01 TRSE-00 STR-01 OMB-01 CEA-01

COME-00 XMB-02 SAJ-01 /082 W  
----- 123089

P R 030945Z MAR 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 4049

OSAF WASH DC

DOD WASHDC

INFO AMEMBASSY BRUSSELS

USMISSION NATO

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY THE HAGUE

USCINCEUR VAIHINGEN GERMANY

CINCUSAFE RAMSTEIN AB

S E C R E T NOFORN SECTION 1 OF 2 STOCKHOLM 983

E.O. 11652: GDS

TAGS: MASS, SW

SUBJECT: F-104 REPLACEMENT: THE SWEDISH VIEW

REF: COPENHAGEN 589 AND 577; SECDEF 4610

SUMMARY: SAAB OFFICIALS APPEAR CONFIDENT ABOUT THEIR ULTIMATE  
SUCCESS IN SELLING VIGGEN TO AT LEAST SOME CONSORTIUM MEMBERS.  
WHILE THIS CONFIDENCE MAY AT PRESENT SEEM UNWARRANTED, RECENT  
TRENDS WITHIN CONSORTIUM MIGHT ABET SWEDISH DESIGNS. CONCLUDING  
PARAGRAPH CONTAINS RECOMMENDATION FOR USG ACTION. END SUMMARY.

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1. AT THE INVITATION OF THE PRESIDENT SAAB-SCANIA, DR. CURT

MILEIKOWSKY, I VISITED THE AIRCRAFT PLANT IN LIEKOPING ON FEBRUARY 25-26. THE PROGRAM INCLUDED AN OVERVIEW OF THE TOTAL ORGANIZATION AND A DETAILED REVIEW OF THE AIRCRAFT PRODUCTION DIVISION, FOLLOWED BY A TOUR OF THE PLANT AND FACILITIES. THROUGHOUT THE VISIT THE DISCUSSIONS RETURNED REPEATEDLY TO THE FOUR WEST EUROPEAN COUNTRY CONSORTIUM F-104 REPLACEMENT PROCUREMENT PROGRAM.

2. THE SWEDES WERE ADAMANT IN EXPOUNDING THEIR VIEW THAT THE JA-37 VIGGEN IS THE BEST CHOICE OF THE THREE COMPETITORS. MAJGEN SVEN OLIN, CHIEF, AIR MATERIEL BOARD, RSAF, POINTED OUT THAT THE VIGGEN'S SHORT FIELD OPERATION (VSTOL) CAPABILITY IS IDEALLY SUITED FOR NORWAY'S STATED REQUIREMENTS FOR OPERATION IN THE NORTHERN AREAS. HE OPINED THAT IF NORWAY AND DENMARK OPTED FOR THE VIGGEN, COMMONALITY IN NATO'S NORTHERN FLANK WOULD BE ASSURED AS WELL AS PROVIDING A CLOSER LINK AMONG THE THREE SCANDINAVIAN COUNTRIES, INCLUDING NEUTRAL SWEDEN. MR. HAROLD SCHRODER, MANAGER SAAB AIRCRAFT DIVISION, INFORMED MY DEFENSE ATTACHE (WHO ACCOMPANIED ME) THAT, AS THE SWEDES UNDERSTOOD IT, THE F-16 RADAR DID NOT MEET NATO SPECIFICATIONS. TO ACCOMMODATE AN UPGRADED RADAR, HE ARGUED, GENERAL DYNAMICS WOULD HAVE TO ENLARGE THE NOSE CONE SECTION OF THE FUSELAGE, THEREBY INCREASING COST AND WEIGHT OF THE F-16 AND, OF COURSE, IMPROVING VIGGEN'S COMPETITIVE POSITION. THE ALTERNATIVE, HE ADDED, WOULD BE COSTLY TO THE U.S., SINCE MORE OF THE EXPENSIVE F-15'S WOULD HAVE TO BE DEPLOYED IN NATO BY THE US AIR FORCE TO FILL THE GAP.

3. DR. MILEIKOWSKY REITERATED THE OFFSET PROPOSALS OFFERED BY THE GOS AND STRESSED THE FACT THAT SWEDEN WOULD GUARANTEE CONTINUED SUPPLY TO THE PURCHASING NATIONS EVEN DURING THE TIME OF WAR. HE ALSO EXPRESSED HIS DEEP CONCERN OVER THE FUTURE OF SAAB AS A VIABLE AIR CRAFT MANUFACTURING ENTITY IF THE VIGGEN WERE NOT CHOSEN BY AT LEAST SOME MEMBERS OF THE CONSORTIUM. THIS SALE, HE STATED, IS VITAL TO SAAB IF IT IS TO DEVELOP AND PRODUCE A FOLLOW-ON TO THE VIGGEN FOR THE LATE 1980'S AND BEYOND. MILEIKOWSKY ASSERTED HE COULD NOT UNDERSTAND OUR RELUCTANCE TO SUPPORT THE VIGGEN SALE TO NORWAY AND DENMARK, CLAIMING THAT QUOTE AFTER ALL, THE VIGGEN IS FIFTY PERCENT AMERICAN UNQUOTE.

4. I SET FORTH THE USG POSITION VIS A VIS VIGGEN SALES ABROAD,  
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REITERATING WHAT I HAD SAID ON PREVIOUS OCCASSIONS TO HIGH GOS OFFICIALS. I EMPHASIZED THAT WHILE WE WOULD NOT OPPOSE VIGGEN SALES TO THIRD COUNTRIES ON A SELECTIVE BASIS, WE CANNOT SUPPORT SAAB IN THIS INSTANCE. I REMINDED MILEIKOWSKY THAT SWEDEN IS NOT A NATO MEMBER, AND OVER THE YEARS HAS NOT CONTRIBUTED TO THE NATO DEFENSE EFFORT NOR INVESTED IN ITS ORGANIZATION. WHY, I ASKED, SHOULD SWEDEN EXPECT US TO SUPPORT HER EFFORT TO ENTER THE PICTURE AT THIS LATE DATE TO, IN EFFECT, QUOTE SKIM THE CREAM OFF THE TOP

OF THE MILK UNQUOTE.

5. SECONDLY, I POINTED OUT THAT THE VIGGEN HAS NO STANDING IN THE INTERNATIONAL MARKET, INASMUCH AS NO COUNTRY OUTSIDE SWEDEN HAS BOUGHT IT. I AGAIN SUGGESTED TO THE SAAB OFFICIALS THAT THEY INCREASE THEIR EFFORTS TO SELL THE VIGGEN TO AUSTRALIA OR ELSEWHERE OUTSIDE NATO AND THUS GAIN PRESTIGE ABROAD AND ESTABLISH CREDIBILITY IN THE MARKET PLACE.

6. THIRDLY, I EXPLAINED THAT THE F-16 WILL PROVIDE NATO WITH THE DESIRED COMMOLALITY SO VITALLY NEEDED, WHILE ALSO SATISFYING THE REQUIREMENT FOR A LIGHT WEIGHT, HIGH PERFORMANCE AIRCRAFT AT LOW COST.

7. FINALLY, I SAID THE U.S. CONGRESS AND THE AMERICAN PUBLIC, WHO HAVE MADE GREAT SACRIFICES IN THE CAUSE OF WESTERN DEFENSE, JUSTIFIABLY INSIST THAT EUROPE RELIEVE US OF A PART OF THE BURDEN OF OUR MUTUAL DEFENSE BY PURCHASE OF THE F-16. SUCH ACTION BY THE CONSORTIUM, I SAID, WOULD BE CLEAR INDICATION TO THE USG OF EUROPE'S WILLINGNESS TO PARTICIPATE IN BURDEN SHARING AS SET FORTH IN THE NUNN AMENDMENT.

COMMENT: HERewith I OFFER SOME COMMENTS ON THE CURRENT STATE OF PLAY OF THE STARFIGHTER REPLACEMENT COMPETITION AS SEEN FROM THE PERSPECTIVE OF STOCKHOLM.

FROM MY TALKS WITH SAAB OFFICIALS I INFER THAT THE SWEDES BELIEVE THAT THE CONSORTIUM WILL NOT REPEAT NOT BE ABLE TO AGREE ON A COMMON CHOICE AS THE STARFIGHTER REPLACEMENT AND WILL EVENTUALLY BREAK UP IN DISAGREEMENT. HENCE, SO THE SWEDES EXPECT THE VARIOUS GOVERNMENTS WOULD THEN MAKE THEIR CHOICE (INCLUDING THE POSSIBILITY

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AID-05 EB-07 CIEP-01 TRSE-00 STR-01 OMB-01 CEA-01

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P R 030945Z MAR 75

FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC PRIORITY 4050  
OSAF WASH DC  
DOD WASHDC  
INFO AMEMBASSY BRUSSELS  
USMISSION NATO  
AMEMBASSY HELSINKI  
AMEMBASSY PARIS  
AMEMBASSY REYKJAVIK  
AMEMBASSY COPENHAGEN  
AMEMBASSY OSLO  
AMEMBASSY THE HAGUE  
USCINCEUR VAIHINGEN GERMANY  
CINCUSAFE RAMSTEIN AB

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OF NO SUCCESSOR AT ALL) ACCORDING TO DIFFERING NATIONAL POLITICAL PERSPECTIVES. THE SWEDES ARE ENCOURAGED BY INDICATIONS THAT THE WEAKLY BASED GOVERNMENTS IN ONE OR MORE OF THE FOUR COUNTRIES WILL CAVE IN TO PRESSURES FROM LABOR AND OTHER GROUPS OPPOSED TO THE F-16 OR FAVORABLE TO THE VIGGEN AS A EUROPEAN PLANE. FROM MY READING OF THE REFERENCED MESSAGES, I CAN READILY SEE WHY THEY HAVE REACHED THESE CONCLUSIONS.

THE LEADERSHIP OF SAAB-SCANIA IMPRESSED ME AS DETERMINED, HARD-HEADED MEN, WHO BELIEVE THAT VIGGEN IS STILL VERY MUCH IN THE RACE. I AM CONVINCED THAT THEY ARE WILLING TO TAKE ANY ACTION, POLITICAL, ECONOMIC, OR TECHNOLOGICAL, WHICH WOULD SUPPORT THEIR CAUSE. THEY HOPE TO APPLY PRESSURE ON NORWAY AND DENMARK, UTILIZING THE  
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POLITICAL LEVERAGE  
DERIVED FROM THEIR COMMON NORDIC TRADITION. NOW DENMARK OFFERS A PARTICULARLY INVITING TARGET, FOR ITS SOCIAL DEMOCRATIC GOVERNMENT IS BOTH WEAKLY BASED AND IDEOLOGICALLY KINDRED.  
WHILE I DO NOT ACCEPT FULLY THE SAAB OFFICIALS EVALUATION OF THE SITUATION, I AM NEVERTHELESS CONCERNED ABOUT THE POSSIBLE BREAK-DOWN OF THE CONSORTIUM. HENCE, I RECOMMEND THAT THE USG CONSIDER INTERVENTION AT THE HIGHEST POLITICAL LEVEL TO HALT THE APPARENT DRIFT IN AT LEAST SOME OF THE CONSORTIUM COUNTRIES AWAY FROM THE CHOICE OF THE F-16. MY READING OF THE SITUATION IS THAT TIME IS WORKING AGAINST US, AND THAT THE LONGER THE VARIOUS GOVERNMENTS PREVARICATE, THE MORE LIKELY IT IS THAT OUR OPPONENTS WILL CAPITALIZE ON THIS INDECISION TO TURN GOVERNMENTAL AND POLULAR SENTIMENT AGAINST THE F-16.  
STRAUSZ-HUPE

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## Message Attributes

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